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December 5, 2003

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Re: Light Rail Project Utility Costs; Docket No. C-00000A-03-0861

Dear Sirs:

Per my request, a generic docket has been opened to gather information on the costs of construction of the Valley Metro Rail Project and its possible financial impact on Valley utilities. It is my concern that if the costs of moving utility lines to accommodate the light rail system are not included in the cities' construction budgets that Valley utilities will bear these costs. If that is the case, I am also interested to learn if the utilities plan to include these costs in rate base and whether or not they will seek to pass these costs on to their customers in a future rate case. I want to know if the Valley Metro Rail Project contains hidden costs for utility customers.

In order to make this determination, I am requesting that you provide information responsive to the following:

- your company's costs associated with moving utility lines or cables to accommodate the proposed path of the Valley Metro Rail Project;
- information regarding your company's plan to cover these costs (If you are relying on public funding, reimbursement agreements, etc., please be specific as to the source of the funding and what portion of the costs the public funding or reimbursement agreements cover.);

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- revenue streams that you would expect from the construction and ultimate operation of the light rail. These "streams" would include, for example, revenue from the provision of power to meet demands associated with light rail operations.

I recognize that the Arizona Corporation Commission does not have regulatory authority over all aspects of your operations or business decisions; however, in order to gain a clearer perspective on the utility-related costs and revenues associated with the light rail project, I would appreciate your cooperation in providing the information that I am requesting. Thank you in advance for your support.

I am providing courtesy copies of this request to the mayors of the cities participating in the Valley Metro Rail Project. I believe that disclosing my inquiries to these officials from the outset is the fair and appropriate course of action.

Sincerely,

William A. Mundell, Commissioner  
Arizona Corporation Commission

cc:

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